

PLEASE NOTE SPECIAL MEETING DATE & TIME

CHEHALIS CITY COUNCIL AGENDA

CITY HALL

350 N MARKET BOULEVARD, CHEHALIS, WA 98532

Anthony E. Ketchum Sr., District 3 Mayor		
Terry F. Harris, District 1, Mayor Pro Tem Daryl J. Lund, District 2 Dr. Isaac S. Pope, District 4		Dennis Dawes, Position at Large Chad E. Taylor, Position at Large Bob Spahr, Position at Large

5:30 p.m.

November 13, 2012

WORK SESSION		
1. <u>Discuss Regional Fire Protection Service Plan Annexation Draft.</u> (Councilor Dawes, Fire Chief)	DISCUSS ISSUES AND PROVIDE POLICY DIRECTION	

Regular Meeting of Tuesday, November 13, 2012

6:00 p.m.

ITEM	ADMINISTRATION RECOMMENDATION	PAGE
2. <u>Call to Order.</u> (Mayor)		
3. <u>Pledge of Allegiance.</u> (Mayor)		

CITIZENS BUSINESS		
This is an opportunity for members of the audience to address the council on matters not listed elsewhere on the agenda. Speaker identification forms are available at the door and may be given to the city clerk prior to the beginning of the meeting.		

PUBLIC HEARING		
4. <u>Public Hearing on 2013 Proposed Budget and Revenue Sources, Taxes and Levies.</u> (City Manager, Finance Manager)	CONDUCT PUBLIC HEARING	

SPECIAL BUSINESS		
5. <u>Chehalis-Centralia Airport Quarterly Update.</u> (Airport Manager Allyn Roe)	INFORMATION ONLY	
6. <u>Update on Children's Museum Pilot Project.</u> (Chehalis Community Renaissance Team Co-Chair Allyn Roe)	INFORMATION ONLY	

CONSENT CALENDAR		
7. <u>Minutes of the Regular Meeting of October 22, 2012.</u> (City Clerk)	APPROVE	1
8. <u>Vouchers and Transfers.</u> (Finance Manager)	APPROVE	8

ADMINISTRATION AND CITY COUNCIL REPORTS		
9. <u>Administration Reports.</u>		
10. <u>Council Reports.</u>		
a. Councilor reports. (City Council)	INFORMATION ONLY	
b. Council committee reports. (City Council)	INFORMATION ONLY	

NEW BUSINESS		
11. <u>Ordinance No. 903-B, First Reading – Revision of Sewer Rates for Lewis County Water & Sewer District #4 and Napavine for 2013.</u> (City Manager, Public Works Director, Wastewater Superintendent)	PASS	10
12. <u>2013 Lodging Tax Advisory Committee (LTAC) Recommendations.</u> (Councilor Harris - Committee Chair)	APPROVE RECOMMENDATIONS OF THE LTAC FOR 2013 FUNDING APPROPRIATIONS	16
13. <u>Ordinance No. 904-B, First Reading – Determining and Fixing the Amounts of Revenue to be Raised by Ad Valorem Taxes During 2013.</u> (City Manager, Finance Manager)	PASS	25

NEW BUSINESS CONTINUED		
14. <u>Ordinance No. 905-B, First Reading – Stating the Dollar Amounts and Percentages of Change in Property Tax Levies for 2013.</u> (City Manager, Finance Manager)	PASS	28
15. <u>Ordinance No. 906-B, First Reading – Adopting the 2013 Budget.</u> (City Manager, Finance Manager)	PASS	29

THE CITY COUNCIL MAY ADD AND TAKE ACTION ON
OTHER ITEMS NOT LISTED ON THIS AGENDA

NEXT REGULAR CITY COUNCIL MEETING WILL BE ON MONDAY, NOVEMBER 26, 2012

October 22, 2012

The Chehalis city council met in regular session on Monday, October 22, 2012, in the Chehalis city hall. Mayor Ketchum called the meeting to order at 6:00 p.m. with the following council members present: Dr. Isaac Pope, Bob Spahr, Daryl Lund, Chad Taylor, and Dennis Dawes. Councilor Harris participated telephonically. Staff present included Merlin MacReynold, City Manager; Bill Hillier, City Attorney; Judy Schave, City Clerk; Glenn Schaffer, Police Chief; Kelvin Johnson, Fire Chief; Bob Nacht, Community Development Director; Eva Lindgren, Finance Manager; and Herta Fairbanks, Public Works Director. Members of the media included Kyle Spurr and Stephanie Schendel from *The Chronicle*, and Christina Crea from *Business to Business*.

1. **Citizen Business.**

a. **Flood Authority.** Chehalis Flood Authority Representative Arnold Haberstroh reported on October 18 he attended his first flood authority meeting as the city's primary representative. He stated he thought they were at the point where they might start making some headway, adding the consensus of the members was that they want to get something done. Mr. Haberstroh thanked the council for the opportunity to serve as their representative.

City Manager MacReynold reported he was also in attendance at the Flood Authority meeting, adding Mr. Haberstroh jumped in with both feet and contributed to the conversation. He stated Mr. Haberstroh represented the city well.

b. **Chehalis Pool Renovation Fundraiser.** Lowell Wood stated it was good to be back again in his home town, and to be working with the Chehalis Foundation to help raise funds for the pool renovation project. He reported their initial goal was to raise \$500,000, adding, to date, they have received close to \$100,000 in gifts.

Mr. Wood reported, like with the library campaign, he was being paid by Orin Smith and his private foundation.

2. **Briefing on PacMtn. Targeted Industry Cluster Work.** Lewis County Economic Development Council (EDC) Executive Director Dick Larman briefed the council on the PacMtn. targeted industry cluster work, noting it was a cooperative effort paid for by the Pacific Mountain Workforce Development Council. He noted the PacMtn. region included the counties of Lewis, Thurston, Pacific, Grays Harbor, and Mason.

Mr. Larman reported the work outlined what the current top six industries are in the region, how many jobs they represent, and the dollars it takes to make them work. The number one industry in the five-county region was food manufacturing/ production, which provides 35,500 jobs, and a little over \$4 billion in sales. The total imports for this industry are nearly \$700 million, which he believed is where we have opportunity. The second largest industry was wood products, which provides 21,000 jobs, \$3.7 billion in sales, and about \$750 million in imports. The other four industries include: life sciences; chemical plastics and glass production; internet technologies and telecommunications; and entertainment and recreation.

Mr. Larman talked briefly about how machinery and computerization of large manufacturing facilities had changed dramatically over the years, requiring fewer workers. He also talked about wages, what's next with regard to the data they collected, and their educational outreach program.

Mr. Larman reported the larger counties, such as King, Pierce, Snohomish, and Kitsap pretty much set the policy statewide for what we do in regard to community and economic development. He reported money for doing community and economic development was no longer in the work force, but in education and training.

3. **Consent Calendar.** Councilor Dawes moved to approve the consent calendar comprised of the following:

- a. Minutes of the regular meeting of October 8, 2012;
- b. Claim Vouchers No. 104340-104474 in the amount of \$593,924.31 dated October 15, 2012; and
- c. Set dates and time of November 13, 2012, and November 26, 2012, at 6:05 p.m. for public hearings on the 2013 budget.

The motion was seconded by Councilor Pope and carried unanimously.

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4. Administration Reports.

a. Third Quarter/September Financial Reports, and Third Quarter Sales and Use Tax Report. Councilor Spahr inquired about the most recent sales and use tax report, noting the notes indicated it was attributable to construction and retail sales. He asked where the city was seeing an increase in construction, or was it just countywide. Ms. Lindgren reported she couldn't say, adding she had a call into the Department of Revenue because one of the largest construction contributors traditionally gets all of their sales tax correct-coded out of the city's account. She stated she wasn't sure if it was even the city's revenue.

Councilor Spahr stated there was one business in town that usually makes very large purchases once or twice a year and asked Ms. Lindgren if she knew whether or not those purchases had been made. Ms. Lindgren stated she hadn't noticed an anomaly that would make her take a closer look, so she suspected not.

b. Report on Development of K-9 Program. Police Chief Glenn Schaffer introduced Stephanie Schendel from *The Chronicle*, noting back in June she did a weekend addition piece on K-9 units around Lewis County. He also introduced Police Officer Warren Ayers, who has interest in the idea of a K-9 program for the city.

Chief Schaffer reported he spoke in length with Lewis County Sheriff Steve Mansfield and Centralia Police Chief Bob Berg regarding the programs they have in place, to see how we could make it work for Chehalis. He noted the last K-9 dog the city had was from 1994 to 1998.

Chief Schaffer reported the city currently relies on the dogs from Centralia and Lewis County, noting both agencies had been very generous in allowing the city to use them. He noted they've utilized the dogs approximately 30 times in the last year. Chief Schaffer suggested if we had our own K-9 available, it would most likely be used every night, based on the work the officers are doing. He reported the K-9 would be used for: suspect tracking, missing persons tracking, evidence tracking, narcotics detection, and handler protection. Chief Schaffer suggested the dog would also be used as a public relations tool, noting they are very popular out in the community.

Chief Schaffer reported there would be a couple of criteria that would have to be met before he would allow a K-9 program. The first had to do with protocol for utilizing the dog. He noted the city would return the favor to the other agencies, adding the dog would be available for call-out both internally and to the Sheriff's Department and City of Centralia. Chief Schaffer stated he did not want the dog to be used as a 'use of force' on minor crimes, adding Officer Ayers was very much on par with that philosophy. The second criteria had to do with the state of the general fund, adding the program could not be a burden on the city's general fund. Chief Schaffer stated, notoriously, K-9 programs are operated and funded by public donation. He talked briefly about the law that requires municipalities to compensate K-9 handlers for the care of the K-9 dogs while off duty. Chief Schaffer reported the contract would state "19 hours at time and one-half of the state's minimum wage," noting the basic math would be about \$260 per month. He stated he was satisfied with the program itself, and after they get the go ahead they would look at where the funds would come from to pay for the program.

Councilor Pope inquired about the startup costs. Chief Schaffer reported they were looking to spend between \$6,000 and \$7,000 on a dog that is bred for police type work, and the equipment and outfitting the car would run between \$12,000 and \$15,000. He noted they've already had contact with local veterinary clinics who have offered to provide veterinary care services. Councilor Pope asked if Chief Schaffer could put some information together on the program and include all of the costs. Chief Schaffer stated he would.

Councilor Taylor stated he would like to work with Chief Schaffer on getting the program funded through private donations. Chief Schaffer stated he appreciated that.

Councilor Dawes inquired as to how much was left in the K-9 fund from years ago, that Tom Bradley oversaw. Chief Schaffer reported it was right around \$6,000.

Councilor Spahr stated he has always appreciated the K-9 unit, noting it was originally funded by Herman Adolphsen. He reported there were things that happened that created the downfall of our previous K-9 program and he wanted to make sure

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those issues were corrected, so the city knows exactly what our responsibilities will be regarding costs. Chief Schaffer reported he read up on the history and was aware of the issues.

5. Council Reports.

a. **Update From Councilor Dawes.** Councilor Dawes reported the budget committee was done meeting with staff on the 2013 budget. He noted the process had changed a lot over the years, adding it used to start out with a "pie in the sky" look with a real long wish list, but over the last few years, and the realization of what the city has been faced with, that list has been reduced to only include what needs to be done.

Councilor Dawes reported the North Lewis County Regional Fire Authority Planning Committee had put together their draft regional fire protection plan for the participating agencies to review. He noted information about the plan would be presented to the council at the next regular council meeting. Councilor Dawes stated they would be asking for some direction from the council on some of the issues, adding as they go through the process they want to make sure they don't come up with any "deal breakers" that no one has thought about.

Councilor Dawes reported he would be attending the Association of Washington Cities regional meeting in Longview, on Tuesday. He indicated he was going to give up on the sales tax mitigation issue, noting his hand was tired from pounding the table about it. Councilor Dawes stated he would be bringing up the issue of the lodging tax to hopefully get some legislation that would continue to allow agencies flexibility in how the funding can be used.

b. **Update From Councilor Spahr.** Councilor Spahr reported he put together a list of some of the things Chehalis was going to have to ponder with regard to the Regional Fire Protection Plan. He noted there are a lot of liability and taxing issues the city needs to take into consideration, such as: level of service, the city's liability to LEOFF 1 retirees and Pre-LEOFF retirees; asset transfers, taxation, and governance of the new entity.

c. **Update From Councilor Pope.** Councilor Pope reported the Chehalis Foundation held its first gala to celebrate the first ten years and the accomplishments they've achieved. He reported the next big project for the Foundation would be the Chehalis swimming pool renovation project.

Councilor Pope stated the Foundation has helped to lighten the burden on the city on certain projects, and hopes to continue to do so. He noted they have a very good board of directors who are committed to working hard and have the best interest of the city in mind.

6. Ordinance No. 900-B, Second and Final Reading - Adjusting the Water Utility Rates; Ordinance No. 901-B, Second and Final Reading - Adjusting the Wastewater Utility Rates; and Ordinance No. 902-B, Second and Final Reading - Adjusting the Storm Water Utility Rates. City Manager MacReynold talked briefly about the workshop held in September, where the council looked at a couple of options regarding the utility rates. He felt the council had been very serious about saving the citizens the cost of raising rates over the last several years, but noted there comes a time when you have to begin to do the maintenance on your infrastructure and face the reality of any loan agreements you have.

City Manager MacReynold stated he understood the struggle the council was having, but didn't ever want to see the city in a position where we start having health department issues and/or have to start boiling our water like the City of Vader had to do. He believed that putting the city in that position would be very detrimental to any kind of economic development in the future.

Public Works Director Herta Fairbanks talked briefly about the changes the administration was proposing that were based on council direction given at the workshop on September 24. She provided the council with some additional information on residential customers who might use more or less than the average customer, as well as some information on what some of the higher commercial users might be looking at with regard to the increased rates.

Councilor Dawes inquired about patches done to the waterlines and asked if Ms. Fairbanks could provide a rough estimate on the number of temporary patches done within the city limits. Ms. Fairbanks stated she didn't have that number off the top of her head, but anytime a water main breaks they maintain that information for when they need to determine

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where to focus their efforts on future water main replacement programs. Councilor Dawes asked what the cost would be for a major repair. Ms. Fairbanks noted it varied, depending on the type of break. She stated they can usually repair smaller breaks by putting a saddle over the top with the use of couplers, but for something larger like a lateral break, they may have to dig up a whole section. They also have to take into consideration the type of equipment needed to do the repair, and traffic control if necessary.

Councilor Lund inquired about the utility reserves, wanting to know if they were gone. Ms. Fairbanks indicated they were not completely gone, adding they were using them to mitigate the necessity of having to increase rates over the last five years. She reported the ordinances passed in 2006 established the rates through 2010, adding if they had continued to the 2010 level, the rates being proposed today are actually less than what the 2010 level would have been.

Councilor Pope felt the council thought they were doing the community a big favor by not raising the rates a little at time, and now they are finding themselves in a position where they have to pay the piper. He suggested if the city loses its zero percent interest loan status it would cost the citizens a tremendous amount of money.

Councilor Spahr moved to pass Ordinance Nos. 900-B, 901-B, and 902-B on second and final reading.

Councilor Pope seconded the motion.

Frank Mason (545 N. Market Boulevard) reported he understood what Councilor Pope was saying and agreed; however, he felt they needed to think it through just a little more. He noted the last time the council did a drastic measure like this they lost L & E Bottling Company, which provided good union wage jobs.

Mr. Mason stated, on a smaller scale, he and his wife rent out space to businesses in town, and if the rates increase they will have to raise their rents. He asked if anyone was watching the purse to see how the reserve money was being spent; suggesting some projects might be able to be held off until things get better with the economy. Mr. Mason reported he would like to see the council consider going at it a little bit slower.

Buck Hubbert (Tires, Inc.) reported he and others had discussed the potential increases and agreed that it probably would have been better to raise them a little at a time over the years. He stated they understood the council's heartfelt reasoning for keeping them down, but it comes at such a large increase at this time.

Mr. Hubbert reported he read an article in *The Chronicle* that suggested the city had a \$1.3 million increase in expenses. He asked if that was from this year and did the council approve those expenses, or was the department allowed to increase their expenses a little at a time over the years.

Ms. Lindgren reported almost \$600,000 of the \$3.96 million budgeted in revenues was a refund for an interfund loan, which left a balance of roughly \$3.4 million in revenues. She reported the budgeted expenditures were almost \$4.5 million, which included \$290,000 in capital outlay and roughly \$1.7 million in debt principal and interest expenses. City Manager MacReynold added, each year they do a budget and every month the council receives an update on what's being spent versus what's budgeted, and in most all cases, the utility departments underspend their budgets.

Mr. Hubbert suggested the city look at surplussing some of its land to help reduce some of the costs it's holding.

Councilor Dawes reported the city faced a similar situation with the general fund a while back and sold a number of pieces of property. He noted a vast majority of property owned by the utilities is over in the flat land near the old sewer plant that was bought out through hazard mitigation grants and cannot be sold.

Mr. Hubbert asked that it be revisited, just to see if the city might have more to sell.

Councilor Spahr stated he appreciated what Mr. Hubbert had to say, noting most of the complaints he received had to do with the amount of the increase. He noted the council hadn't really taken a look at increases on anything for a number of years, and in his opinion they were way behind on a lot of their fees.

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Mr. Hubbert suggested by implementing too big of an increase you start losing the larger businesses. He asked that the council consider smaller incremental increases.

Councilor Taylor stated he understood the obligation the city has on its debt service and asked if there was a way that the city might use a piece of land as collateral in lieu of carrying the large reserve on the loan. He stated he had never thought about the idea of collateralizing property to supplant what the obligation would be, but those were the types of ideas that come from the business community, which he thought were amazing.

Ms. Fairbanks stated she had never heard of an entity collateralizing land as a way to cover a debt service obligation. She noted loans given out for utilities typically require that entities pledge the revenue of the utility, which is how the Department of Ecology (DOE) and other agencies are able to establish the loan programs they offer. Ms. Fairbanks reported the city was now in a position where all of the loans are at least five years old and require that the debt service reserve be in place. She noted they are working with DOE to see if they will allow the city to dip the reserve below the \$1.8 million requirement.

Councilor Spahr asked if Ms. Fairbanks knew how much Lewis County Public Utility District's (PUD) latest rate increase affected the city. Ms. Fairbanks noted PUD increased their rates by two percent, but didn't know the actual impact to the city.

Pat Sauter (National Frozen Foods Corporation General Manager) reported their company had been in business for 100 years, 85 here in Chehalis. He stated their current annual water bill for both facilities was in the \$216,000 range. Mr. Sauter reported several years ago they looked at some options to do some things different and those were still on the table. He suggested the last water rate increase was pretty brutal, and the new proposal was just as brutal this time around.

Mr. Sauter reported National was one of the last professional frozen food processors in Western Washington. He stated they have one plant in Moses Lake and another in Quincy, Washington. Mr. Sauter reported by the end of 2016, they would be looking at an annual increase of \$95,000 at their State Street plant. He noted the last two rate increases by PUD increased their annual cost at the State Street plant by \$60,000.

Mr. Sauter stated he understood the city's plight with trying to deal with environmental concerns, but the increase would be detrimental to their business and they could not pass the increase onto their customers. He briefly brought up the issue of industrial water rates, noting that's what they had in Albany, Washington.

Mr. Sauter reported his first obligation was to his employees in Chehalis, but they need to stay competitive with their other plants. He stated they put roughly \$16 million a year into the community, just in employee wages, local grow receipts, and vendors. Mr. Sauter reported they were the biggest customer for both the city and PUD, and the rates were a big hit for them. He stated the city and Lewis County have been very supportive of National, but things are getting tougher in Western Washington, and business is business.

Councilor Taylor reported he was one that battled over the rate increases, noting when the time is right to raise taxes he'll vote to support raising taxes. He noted he had been on the council for 11 years and it just hasn't ever felt like the right time, and for him it may never feel like the right time. Councilor Taylor stated the economy was not getting any better and everyone he does business with is struggling just to make their payroll every month. He suggested an increase to any business would be detrimental, especially if the city starts losing those businesses and large water use customers.

Councilor Taylor stated he's never made a bid deal about using the reserves during the tough times because he believes it's a good thing to have less of the taxpayers' money, adding it keeps the city honest with the citizens.

Mr. Larman suggested what the city was proposing seemed to be a surprise to the business community. His advice to the council was to be cautious because, on a competitive basis, potential businesses were not going to want to locate here if that's how the city does business. Mr. Larman stated he didn't want to give a history lesson, but noted free money usually gets us in these conversations and you have to be very careful with how and who you borrow money from.

Councilor Dawes stated he had some concern with the statement made by Mr. Larman concerning the "element of surprise," adding this should not be a surprise.

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Councilor Dawes reported he had been on the council for seven years and on the budget committee for five; and every year they've been asked to look at rate increases, and the council has said no. He stated it's been talked about in public meetings, and suggested it may be a surprise to some if they haven't been to the meetings.

Councilor Dawes reported the budget committee has been adamant that they only do the projects that absolutely have to be done. He suggested reserves were made for two things: to spend down in lean times if it makes financial sense; and to take care of the unforeseen catastrophes that you don't have immediate funds budgeted for. Councilor Dawes felt the city needed to keep healthy reserves should we ever have to go out for any kind of bonding capacity.

Councilor Dawes stated he hoped some of the things that attract people to this area are that we have the infrastructure in place to do what businesses need to do. He noted he didn't like rate increases any more than anybody else, but he didn't like being voted into a position at not doing his job either.

Councilor Spahr suggested National's diesel bill was probably tremendous compared to what they were paying in 2006. Mr. Sauter stated they spend \$160,000 per week to run the plant, which is quite a bit more than it was in 2006. Councilor Spahr reported the city was in the same position with their utilities and we have to find some way to approach it.

Mr. Sauter stated he didn't want to hurt the city or its residents, noting he's worried about everyone having to pay higher rates. He indicated he didn't want to pull out, but he had to consider all of his options.

City Manager MacReynold stated he completely empathized with what Mr. Sauter was saying about his costs going up, but the city has a business to run and our costs have gone up too.

Councilor Lund agreed with what Mr. Hubbert stated earlier, that the city is spending more money than what we're bringing in. He suggested perhaps there are some projects the city shouldn't be doing.

Councilor Spahr reported the utilities have experienced rising costs for years and the council has failed to take care of it. He stated the city is running a business and we have to keep our rates comparable to our expenses. Councilor Spahr noted you can bank all of the property tax you want to save it for a rainy day, but when that rainy day comes and you go use it, you're going to get pounded.

Councilor Taylor asked what the immediate needs of the city were, not including any projects. Ms. Fairbanks reported what was before the council did not include any projects for 2013. She stated they had taken a very conservative approach, and in her professional opinion, the proposal before the council was the barebones needed to keep the utilities operable and in good condition.

Councilor Taylor inquired about commercial rates and asked what that would look like and how it would work. Ms. Fairbanks reported the city already has commercial rates. She suggested they can be as complicated as they like, such as: targeting specific audiences; or having an industrial rate schedule where you have a high user during a short season, but you have to be able to justify how you calculate those rates, and it needs to be equitable from one class customer to another.

Ms. Fairbanks talked briefly about what a rate study would entail, noting it would take about one year to complete and cost between \$40,000 and \$50,000.

City Manager MacReynold stated one of the things that businesses are concerned about when looking at where to locate is the infrastructure; are the utilities in place and functional?

Councilor Harris stated this was not something new or enjoyed. He noted he was in Chattanooga, Tennessee, and there's a measure in front of the local jurisdiction to raise their rates 39 percent for the same programs.

Councilor Harris commented on the discussion earlier about helping out the businesses by offering commercial rates. He stated they have a dollar amount they have to raise and if they take that cost away from businesses, they put it on the backs of the residents and their rates go up even more.

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Councilor Pope stated it was something they had to do, and it wasn't pleasant. He suggested they could take a look at what they can do to lessen the burden on businesses, but they still have to do it. Councilor Pope reported he was open to suggestions if anybody had any bright ideas.

Councilor Pope reminded the council that they were elected to make the tough decisions, and if they can't make them, or they don't like to raise taxes or rates, then perhaps they were in the wrong place.

Ms. Lindgren pointed out that if there was no action taken, there wouldn't be any fund balance left in the wastewater fund.

Councilor Spahr suggested, if the ordinances pass, we keep looking at it to see if there are ways to make some adjustments as time goes on. He also suggested the city look at what it costs to service a residential customer versus a commercial user, including infrastructure, adding he felt the costs would be somewhat similar.

Councilor Spahr asked Ms. Fairbanks if the city gives bigger users any kind of discount. Ms. Fairbanks indicated they did not.

Councilor Dawes stated if they had to do it all over again, they probably would have done it differently. He added, "If we don't take some kind of action to get back to where we need to be, where are they going to be in two to three years down the road?"

The motion carried 4-3 with Councilors Lund and Taylor and Mayor Ketchum voting against the motion.

There being no further business to come before the council, the meeting adjourned at 7:54 p.m.

Mayor



Attest:

City Clerk

SUGGESTED MOTION

I move that the council approve the minutes of the regular city council meeting of October 22, 2012.

CITY OF CHEHALIS
AGENDA REPORT

DATE: October 31, 2012
TO: The Honorable Mayor and City Council
FROM: Eva Lindgren, Finance Manager 
PREPARED BY: Michelle White, Accounting Tech II 
SUBJECT: Vouchers and Transfers

ISSUE

Council approval is requested of the following financial transactions:

Claim Vouchers No. 104475 through 104607 and EFT No. 92012 in the amount of \$206,649.17 dated October 31, 2012 and the transfer of \$48,661.42 from the General Fund, \$29,563.69 from the Tourism Fund, \$1,918.25 from the Federal & State Grants Fund, \$296.72 from the 2011 G.O. Bond Fund, \$8,527.98 from the Automotive Equipment Reserve Fund, \$2.09 from the Garbage Fund, \$87,802.89 from the Wastewater Fund, \$24,672.56 from the Water Fund, \$3,185.75 from the Storm & Surface Water Utility Fund, \$1,817.82 from the Firemen's Pension Fund and \$200.00 from the City Agency Fund.

RECOMMENDATION/COUNCIL ACTION DESIRED



The administration recommends that the council approve the October 31, 2012 Claim Vouchers No. 104475 through 104607 and EFT No. 92012 in the amount of \$206,649.17.

SUGGESTED MOTION

I move to approve the October 31, 2012 Claim Vouchers No. 104475 through 104607 and EFT No. 92012 in the amount of \$206,649.17.

Reviewed by:  _____, City Manager

CITY OF CHEHALIS
AGENDA REPORT

DATE: October 31, 2012
TO: The Honorable Mayor and City Council
FROM: Eva Lindgren, Finance Manager 
PREPARED BY: Michelle White, Accounting Tech II 
SUBJECT: Payroll Vouchers and Transfers

ISSUE

Council approval is requested of the following financial transactions:

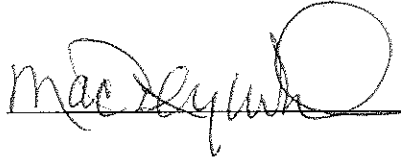
Payroll Vouchers No. 36081 through 36150, Direct Deposit Payroll Vouchers No. 3521 through 3594, and Electronic Federal Tax Payment No. 116 in the amount of \$653,019.62 dated October 31, 2012, and the transfer of \$452,290.27 from the General Fund, \$5,342.85 from the Arterial Street Fund, \$15,924.79 from the Gambling Enforcement Fund, \$541.90 from the Garbage Fund, \$76,691.40 from the Wastewater Fund, \$76,176.13 from the Water Fund, \$20,467.98 from the Storm & Surface Water Utility Fund, and \$5,584.30 from the Firemen's Pension Fund.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the council approve the October 31, 2012, Payroll Vouchers No. 36081 through 36150, Direct Deposit Payroll Vouchers No. 3521 through 3594, and Electronic Federal Tax Payment No. 116 in the amount of \$653,019.62.

SUGGESTED MOTION

I move to approve the October 31, 2012, Payroll Vouchers No. 36081 through 36150, Direct Deposit Payroll Vouchers No. 3521 through 3594, and Electronic Federal Tax Payment No. 116 in the amount of \$653,019.62.

Reviewed by:  _____, City Manager

CITY OF CHEHALIS

AGENDA REPORT

DATE: November 12, 2012

TO: The Honorable Mayor and City Council

FROM: Herta Fairbanks, Public Works Director
Patrick Wiltzius, Wastewater Superintendent

SUBJECT: Revision of Sewer Rates for Lewis County Water & Sewer District #4 and Napavine for 2013

ISSUE

Proposed new rates for the treatment of sewage for 2013 have been calculated for Lewis County Water & Sewer District #4 (LCSD #4) and the City of Napavine. The proposed rates are being presented for council review and approval.

DISCUSSION

In 1994, Chehalis, Napavine, and LCSD #4 modified their prior interlocal agreement for the provision of sewer services. Governance issues regarding the interceptor and sewage treatment are outlined in this agreement. The agreement provides that Napavine and LCSD #4 pay for the delivery and treatment of sewage based on applicable costs for operation and maintenance of the system.

It has been previously established that calculation of the rates for treatment are to be based on applicable expenditures and flow data from the previous year. No changes have been made to the rate calculation methodology that was initially adopted in 2002. Current and proposed new rates are presented in the table below for comparison.

	Napavine	LCSD #4
2012 rate/month	\$10,720	\$6,192
2013 rate/month	\$ 9,979	\$6,110
\$ change/month	-\$741	-\$82
% change/month	-6.9%	-1.3%

The rate changes proposed for next year are a result of differences in expenditures and flows used to calculate the rates. As compared to 2010, the applicable expenditures for 2011 were down by approximately 3.2%. This was primarily due to a decrease in administrative costs. As compared to 2010, the total flow to the Chehalis treatment plant in 2011 was about the same.

The flow contributed from LCSD #4 (as a percentage of total flow) was the same as 2010. The flow in 2011 from Napavine was down 6.3% as compared to 2010.

The result of the decrease in expenditures is that the proposed rates for 2013 are lower than those calculated for 2012. Over time the trend in rates should average out the annual highs and lows and show a modest increase due to inflation (The table below shows this). On average, rates for Napavine increase by 2.9% per year while those for LCSD #4 increase by 2.8%.

	2008	2009	2010	2011	2012	2013	avg.*
Napavine	\$10,194	\$8,122	\$10,454	\$8,482	\$10,720	\$9,979	\$9,360
% difference	13.0	-20.3	28.7	-18.9	26.4	-6.9	2.9
LCSD#4	\$5,908	\$4,522	\$6,230	\$5,064	\$6,192	\$5,540	\$5,540
% difference	9.7	-23.5	37.8	-18.7	22.3	-1.3	2.8

* since 2005

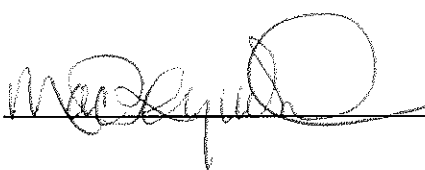
The attached ordinance has been prepared repealing rates for 2012 and establishing rates for 2013. The proposed rates have been discussed with LCSD #4 and the City of Napavine and no objections were raised to their implementation.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the council pass Ordinance No. 903-B amending sewer rates for the City of Napavine and Lewis County Water & Sewer District #4 on first reading.

SUGGESTED MOTION

I move that the council pass Ordinance No. 903-B amending sewer rates for the City of Napavine and Lewis County Water & Sewer District #4 on first reading.

REVIEWED BY:  _____, CITY MANAGER

ORDINANCE NO. 903-B

**AN ORDINANCE OF THE CITY OF CHEHALIS,
WASHINGTON AMENDING SECTION 13.16.070, ORDINANCE
NO. 881-B, PASSED THE 28TH DAY OF NOVEMBER, 2011, AS
CODIFIED IN THE CHEHALIS MUNICIPAL CODE.**

**THE CITY COUNCIL OF THE CITY OF CHEHALIS, WASHINGTON, DO ORDAIN
AS FOLLOWS:**

Section 1. Section 13.16.070 of the Chehalis Municipal Code shall be, and the same hereby is, amended to read as follows:

13.16.070 Wastewater customers.

A. Rates charged to the city of Napavine and Lewis County Water & Sewer District #4 for the operation and maintenance of the interceptor and related facilities shared with the city and for the treatment of sewage by the city are as follows:

1. Napavine - \$9,979 per month; and
2. Lewis County Water & Sewer District #4 - \$6,110 per month.

B. These rates shall be adjusted annually based upon their flows and operations and maintenance costs of the interceptor and the wastewater treatment plant.

Section 2. Effective date.

The effective date of this ordinance shall be the 1ST day of January, 2013.

PASSED by the city council of the city of Chehalis, Washington, and **APPROVED** by its mayor, at a regularly scheduled open public meeting thereof this _____ day of November, 2012.

Mayor

ATTEST:

City Clerk

Approved as to form and content:

City Attorney

O&M Rate Calculations for Napavine and LCSD#4

10/31/12

Introduction

In 1994, the cities of Chehalis and Napavine, along with Lewis County Water & Sewer District #4 (collectively known as the Sewer Operating Board) entered into an agreement for the provision of sewer services. Governance issues regarding the interceptor and sewage treatment are outlined in the agreement.

The agreement provides for the establishment of a rate to be charged to Napavine and Lewis County Water & Sewer District #4 (LCSD#4) for the delivery and treatment of sewage. The agreement states the rate shall be based on applicable costs for the operation and maintenance (O&M) of the system.

Last year's monthly rates, the eleventh year that the rates were based on flow, were \$10,720 for Napavine and \$6,192 for LCSD#4.

Rates for 2013

The calculation for setting the rates is unchanged from 2002 and is listed below:

$$\text{Monthly Sewer Charge} = ((\text{yearly interceptor O\&M costs} \times \% \text{ of ownership of interceptor}) + (\text{yearly WWTP O\&M cost} \times \% \text{ of flow to the WWTP})) / 12$$

In this calculation, interceptor costs are calculated based on percentage ownership from segment A to G in the interceptor. (See attached ownership map)

The rate for any given year uses actual flows and expenditures from two years prior. This allows for actual yearly expenditures and flows to be tabulated and subsequent rate calculations to be provided to the entities during the budget process for the year in which the rate is to be charged.

Expenditures - The proposed rates for 2013 were developed using actual 2011 expenditures. 2014 rates will use actual expenditures from 2012. Expenditures also include any relevant capital costs but do not include any direct costs for the new wastewater treatment plant. (Napavine and Lewis County Sewer District are paying a percentage of the yearly loan repayment).

Flows – Flows for Napavine and LCSD#4 are measured at the North Star Rd. and Hamilton Rd. metering stations. Chehalis staff check and record flow data for Lewis County Sewer District from the North Star Rd. metering station and Napavine flow data from the Hamilton Rd. metering station on a daily basis. If problems are experienced with the flow meters, flows will be estimated from previous data on record.

Calculation of *Yearly Interceptor O&M costs*

1. Starting in 2006, O&M costs for the collection system were broken down specifically in a separate collection system budget. This was a change from past practice when costs for the collection system had to be calculated.
2. The percent of collection system costs due to interceptor O&M is calculated by using the ratio of sewer line (measured in feet) for the interceptor to the sewer line for Chehalis' entire collection system. The General Sewer Plan states that the interceptor is comprised of 28,565 feet of sewer line and the Chehalis collection system includes 249,003 feet of sewer line. This means the interceptor comprises 11.5% of collection system.

3. **Yearly interceptor O&M costs based on % of ownership** is then calculated by multiplying the total applicable collection system expenditures for 2011 by % of the interceptor as part of collection system by the % of ownership in the interceptor – from segment A to G. (LCSD#4 – 11.1%, Napavine – 23.7%)

Calculation of Yearly WWTP O&M cost based on % of flow to the WWTP

4. Yearly WWTP O&M expenditures were calculated utilizing the 2011 actual year end expenditures from the budgets for wastewater division administration, WWTP and poplar tree plantation.

5. WWTP O&M costs were then multiplied by the ratio of flow contributed by each entity to the total flow received by the WWTP in 2011. (Napavine = 66.3 MG / 649.6 MG = 10.2%, LCSD#4 = 41.3 MG / 649.6 MG = 6.4%) This portion of the rate factors in flow, so that inflow and infiltration (I&I) is paid for by the contributing entity.

6. To determine the final rate for each entity - **Yearly interceptor O&M costs** and **Yearly WWTP O&M cost based on % of flow to the WWTP** are added. This rate is then divided by 12 to get a monthly rate.

Informational Data

2011 Applicable Wastewater Expenditures	\$1,088,749
2011 Applicable Collection System Expenditures	\$ 315,809

	Ownership of Interceptor (A-G)	2011 Flow to WWTP	% Flow to WWTP
Chehalis	65.2%	542.0 MG	83.4%
Napavine	23.7%	66.3 MG	10.2%
LCSD#4	11.1%	41.3 MG	6.4%

Actual Calculations –

Napavine = $((\$1,088,749 \times 10.2\%) + (\$315,809 \times 11.5\% \times 23.7\%)) / 12 = \$9,979/\text{month}$

Old rate = \$10,720 New rate = \$9,979 % of decrease = -6.9%

LCSD#4 = $((\$1,088,749 \times 6.4\%) + (\$315,809 \times 11.5\% \times 11.1\%)) / 12 = \$6,110/\text{month}$

Old rate = \$6,192 New rate = \$6,110 % of decrease = -1.3%

Explanation of change

The rate changes proposed for 2013 are a result of differences in expenditures and flows used to calculate the rates. As compared to 2010, the applicable expenditures for 2011 were down by approximately 3.2%. This was primarily due to decrease in administrative costs. As compared to 2010, the total flow to the Chehalis treatment plant in 2011 was about the same. The flow contributed from LCSD #4 (as a percentage of total flow) was the same as 2010, and the flow from Napavine was down 6.3% from 2010.

The result of the decrease in expenditures and contributing flows is that the proposed rates for 2013 are lower than those calculated for 2012. Over time the trend in rates should average out the annual highs and lows and show a modest increase due to inflation.

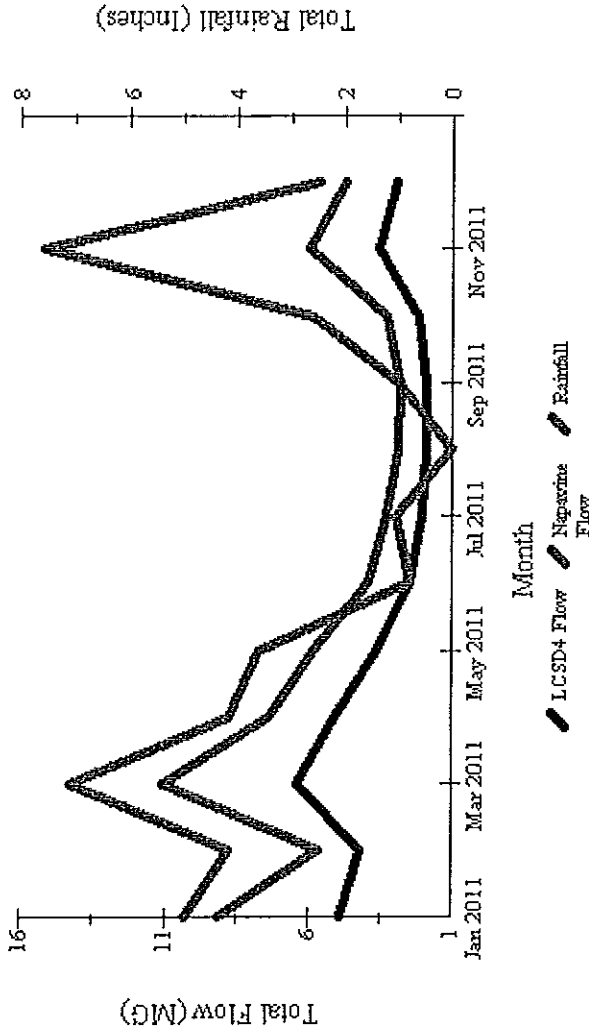
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LCSD4 & Napavine Monthly Flow Summary

Total Flow by Month

Month	LCSD4 Flow		Napavine Flow		Rainfall	
	MGD	MGD	MGD	MGD	inches	inches
Jan 2011	4.89	9.16	9.16	4.97		
Feb 2011	4.20	5.66	5.66	4.17		
Mar 2011	6.43	11.11	11.11	7.07		
Apr 2011	5.09	7.43	7.43	3.61		
May 2011	3.64	5.87	5.87	0.78		
Jun 2011	2.44	3.93	3.93	1.06		
Jul 2011	2.05	3.30	3.30	0.01		
Aug 2011	1.89	2.91	2.91	1.00		
Sep 2011	1.88	2.84	2.84	2.61		
Oct 2011	2.20	3.32	3.32	7.58		
Nov 2011	3.57	6.02	6.02	2.49		
Dec 2011	2.98	4.76	4.76	0.01		
Minimum	1.88	2.84	2.84	0.01		
Maximum	6.43	11.11	11.11	7.58		
Average	3.44	5.53	5.53	3.29		
Total	41.26	66.31	66.31	39.50		

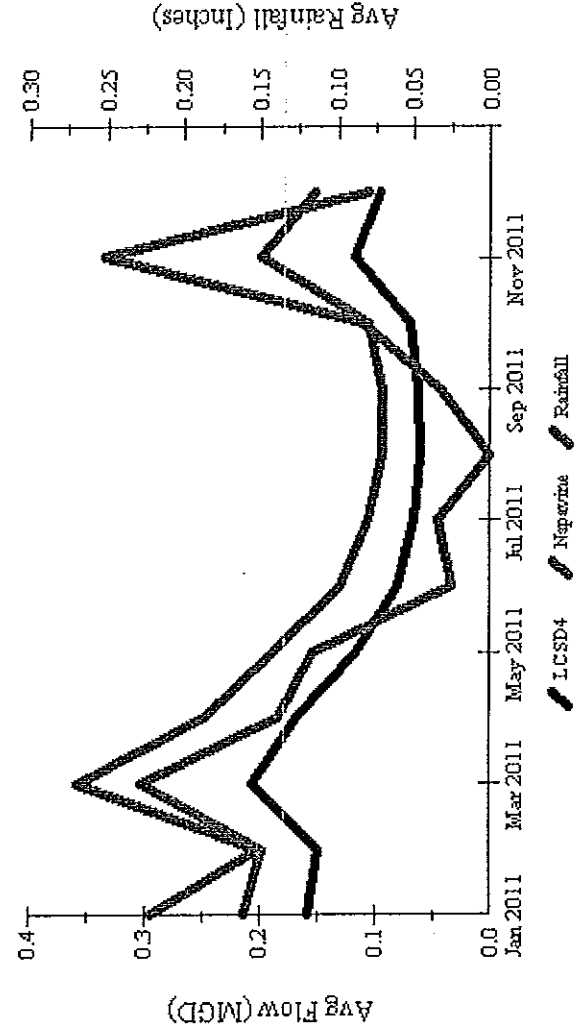
LCSD4 & Napavine Monthly Flow Summary



Avg. Flow by Month

Month	LCSD4 Flow		Napavine Flow		Rainfall	
	MGD	MGD	MGD	MGD	inches	inches
Jan 2011	0.16	0.30	0.30	0.16		
Feb 2011	0.15	0.20	0.20	0.15		
Mar 2011	0.21	0.36	0.36	0.23		
Apr 2011	0.17	0.25	0.25	0.14		
May 2011	0.12	0.19	0.19	0.12		
Jun 2011	0.08	0.13	0.13	0.03		
Jul 2011	0.07	0.11	0.11	0.03		
Aug 2011	0.06	0.09	0.09	0.00		
Sep 2011	0.06	0.09	0.09	0.03		
Oct 2011	0.07	0.11	0.11	0.08		
Nov 2011	0.12	0.20	0.20	0.25		
Dec 2011	0.10	0.15	0.15	0.08		
Minimum	0.06	0.09	0.09	0.00		
Maximum	0.21	0.36	0.36	0.25		
Average	0.11	0.18	0.18	0.11		

LCSD4 & Napavine Monthly Flow Summary



CITY OF CHEHALIS
AGENDA REPORT

DATE: October 18, 2012

TO: The Honorable Mayor and City Council

FROM: Lodging Tax Advisory Committee
Councilor Terry Harris (Chair)
Alicia Bull (for Jim Valley), Centralia-Chehalis Chamber of Commerce
Rick Burchett, Chehalis-Centralia Railroad and Museum
Todd Chaput, Holiday Inn Express & Suites
Chip Duncan, Veterans Memorial Museum
Natalie Ketchum, Best Western Plus Park Place Inn & Suites
Satpal "Paul" Sohal, Chehalis Inn

SUBJECT: Lodging Tax Advisory Committee Recommendations for 2013 Tourism Funds

ISSUE

The Lodging Tax Advisory Committee (LTAC) met on October 5 to review the requests submitted by various organizations for 2013 tourism funds.

DISCUSSION

Prior to the organizations' presentations, the LTAC held a conference call with Jan Jutte, Director of Legal Affairs for the State Auditor's Office. Ms. Jutte provided some valuable guidance regarding the anticipated expiration of the expanded uses of lodging tax revenues set to take place on June 30, 2013, and how it will impact some organizations that receive funding. The meeting minutes provide detail on how each event and facility will be affected.

The following organizations made presentations to the LTAC for funding in 2013: Veterans Memorial Museum, Chehalis-Centralia Railroad & Museum, Lewis County Historical Museum, Advocate Foundation (Cascade Country Cook-Off and Chehalis Garlic Fest), Chehalis City Manager's Office, Premier Broadcasters/City (Chehalis Bridal Show), Department of Community Development (Tournaments and Parks Projects), Pope's Kids Place (Jazz in July), and Centralia-Chehalis Chamber of Commerce.

The attachments to this report include the 2013 Tourism Fund projections and requests, and the minutes from the October 5 LTAC meeting.

Upon council approval, all recipients must enter into an agreement with the city for use of the funds. They are required to report on a quarterly basis how the funds are being spent. With regard to the agreements, the committee also suggested that the following be included in agreements with organizations:

- A statement regarding the scheduled expiration of expanded uses
- A statement that any operational expenses must be made by mid-June
- A statement that organizations must repay the city for any reimbursements made to an organization if an event is canceled.

After review and discussion, the committee recommended funding applicants at the following amounts:

<u>Organization</u>	<u>Request</u>	<u>Recommendation</u>
1. Veterans Memorial Museum	\$ 25,000	\$ 18,125
2. Chehalis-Centralia Railroad & Museum	\$ 35,000	\$ 20,000
3. Lewis County Historical Museum	\$ 40,000	\$ 15,000
4. Advocate Foundation (Cascade Country Cook-Off)	\$ 15,000	\$ 5,000
5. City Manager's Office	\$ 15,000	\$ 20,000
6. Premier Broadcasters/City (Chehalis Bridal Show)	\$ 10,000	\$ 10,000
7. Advocate Foundation (Chehalis Garlic Fest)	\$ 20,000	\$ 5,000
8. Comm. Development Dept. (Tournaments)	\$ 44,310	\$ 44,310
9. Pope's Kids Place (Jazz in July)	\$ 5,000	\$ 5,000
10. Chamber of Commerce (Home & Garden Show)	\$ 5,000	\$ 5,000
11. Comm. Development Dept. (Parks Projects)	\$ 25,000	\$ 25,000
Total	\$239,310	\$172,435

According to the resolution establishing the LTAC, the city council is to review membership on an annual basis and make changes as appropriate. In accordance with state law, the committee must have at least five members, appointed by the city council. Membership must include at least two representatives of businesses required to collect hotel-motel tax, two people involved in activities that are authorized to be funded by the tax, and one elected official who serves as chairperson. The number of persons representing businesses that collect the tax and the number of persons involved in activities authorized to be funded by the tax must be equal. There is no established term of membership.

Committee members include Mr. Todd Chaput, Holiday Inn Express & Suites, Ms. Natalie Ketchum, Best Western Plus Park Place Inn & Suites, and Mr. Satpal Sohal, Chehalis Inn, representing businesses required to collect the tax. Members representing activities funded by the tax are Mr. Rick Burchett, Chehalis-Centralia Railroad & Museum, Mr. Chip Duncan, Veterans Memorial Museum, and Mr. Jim Valley, Centralia-Chehalis Chamber of Commerce. Councilor Terry Harris is the council representative and acts as committee chair.

RECOMMENDATIONS/COUNCIL ACTION DESIRED

The Lodging Tax Advisory Committee recommends that the council approve its recommendations individually and collectively for use of lodging tax funds for 2013, and the administration recommends the reappointments of Todd Chaput, Natalie Ketchum, Satpol Sohal, Rick Burchett, Chip Duncan, and Jim Valley to the city's Lodging Tax Advisory Committee.

1st SUGGESTED MOTION

I move that the council approve the recommendations of the Lodging Tax Advisory Committee individually and collectively to fund the _____ in the amount of \$ _____ for use of lodging tax funds for 2013.

1. Veterans Memorial Museum	\$ 18,125
2. Chehalis-Centralia Railroad & Museum	\$ 20,000
3. Lewis County Historical Museum	\$ 15,000
4. Advocate Foundation (Cascade Country Cook-Off)	\$ 5,000
5. City Manager's Office	\$ 20,000
6. Premier Broadcasters/City (Chehalis Bridal Show)	\$ 10,000
7. Advocate Foundation (Chehalis Garlic Fest)	\$ 5,000
8. Comm. Development Dept. (Tournaments)	\$ 44,310
9. Pope's Kids Place (Jazz in July)	\$ 5,000
10. Chamber of Commerce (Home & Garden Show)	\$ 5,000
11. Comm. Development Dept. (Parks Projects)	\$ 25,000
Total	\$172,435

2nd SUGGESTED MOTION

I move that the council reappoint the memberships of Todd Chaput, Natalie Ketchum, Satpol Sohal, Rick Burchett, Chip Duncan, and Jim Valley to the Lodging Tax Advisory Committee.

Reviewed by  _____, City Manager

**CITY OF CHEHALIS
2013 TOURISM FUND PROJECTIONS AND REQUESTS**

2013 Projected Beginning Fund Balance \$ 67,285
 2013 Estimated Revenue 165,000
 2013 Estimated Interest 150
 2013 Total **Estimated** Revenue \$232,435

Recommended Ending Fund Balance Reserve \$ (40,000)
 Babe Ruth Reserve (20,000)

In 2010, the City Council approved reserving \$10,000 in 2011 and \$10,000 in 2012 to Babe Ruth for use in 2013.

Total Available Revenue for 2013 \$172,435

	2009 Allocations	2010 Allocations	2011 Allocations	2012 Allocations	2013 Requests	2013 LTAC Recommendations	2013 Council Approved
Veterans Memorial Museum	20,000	20,000	22,500	25,000	25,000	18,125	
Chehalis-Centralia Railroad & Museum	25,000	25,000	35,000	30,000	35,000	20,000	
ARTrails of Southwest Washington	10,000	5,000	2,500	0	No request	No request	
Lewis County Historical Museum	15,000	15,000	17,000	22,500	40,000	15,000	
Advocate Foundation (Cascade Country Cook-Off)	10,000	10,000	12,500	5,000	15,000	5,000	
Chehalis City Manager's Office *	57,000	27,000	19,900	15,000	15,000	20,000	
Premier Broadcasters/City (Chehalis Bridal Show)		7,500	9,000	10,000	10,000	10,000	
Advocate Foundation (Chehalis Garlic Fest)		10,000	20,000	18,000	20,000	5,000	
Visiting Nurses		2,500	2,500	No request	No request	No request	
Chehalis Business Association		10,000	15,000	No request	No request	No request	
Chehalis Community Development Dept. (Tournaments)			20,000	33,200	44,310	44,310	
Centralia-Chehalis Chamber of Commerce (mobile website)			5,000	No request	No request	No request	
Pope's Kids Place (Jazz in July)			5,000	5,000	** 5,000	5,000	
Centralia-Chehalis Chamber (Home & Garden Show)				2,500	5,000	5,000	
Chehalis Community Development Dept. (Parks Projects)				9,000	25,000	25,000	
Veterans Memorial Museum (electronic sign)				0	No request	No request	
Friends of the Chehalis Community Renaissance				0	No request	No request	
Eagles Museum				0	No request	No request	
TOTALS	137,000	132,000	185,900	175,200	239,310	172,435	

* Prior to 2010, the Tourism Fund included money for use by the city for marketing and promotion of Chehalis Business Association activities, Garlic Fest, Chehalis Bridal Fair, and the city in general. The city was informed by the State Auditor's Office that beginning in 2010, all organizations must apply for funding on their own behalf.

** Pope's Kids Place was awarded \$5,000 in 2012 for Jazz in July, but the event was canceled. Pope's is requesting that the funding be deferred to 2013.

Chehalis Lodging Tax Advisory Committee Meeting
October 5, 2012

The Lodging Tax Advisory Committee (LTAC) met on October 5, 2012, at 8:00 a.m. in the basement meeting room of Chehalis city hall to review applications for 2013 tourism funding. Members present were: Councilor Terry Harris, Chair; Rick Burchett, Chehalis-Centralia Railroad and Museum; Alicia Bull (for Jim Valley), Centralia-Chehalis Chamber of Commerce; Todd Chaput, Holiday Inn; Chip Duncan, Veterans Memorial Museum; Natalie Ketchum, Best Western; and Satpal Sohal, Chehalis Inn. Chehalis staff members included Merlin MacReynold, City Manager; and Caryn Foley, City Manager's Administrative Assistant.

Call to Order

The meeting was called to order by Councilor Harris.

Conference Call with Jan Jutte, State Auditor's Office

The LTAC held a conference call with Jan Jutte, Director of Legal Affairs for the Washington State Auditor's Office. Ms. Jutte provided guidance regarding the anticipated expiration of the expanded uses of lodging tax revenues set to take place on June 30, 2013, and how it will impact organizations that receive funding.

As way of background, local governments were limited in using lodging tax revenues for paying all or any part of the cost of tourism promotion, acquisition of tourism-related facilities, or operation of tourism-related facilities that it owned, and for visitor and convention bureaus operated by nonprofit organizations. While cities could allocate lodging tax revenues to nonprofit organizations to advertise and promote tourism and local attractions, jurisdictions could not use these revenues to sponsor or support events or facilities in which the local government did not have an ownership interest.

In 2007, the Legislature expanded the authorized uses of lodging tax revenues by local jurisdictions to allow local governments to provide lodging tax funds to support the operations and capital expenditures of tourism-related facilities owned by nonprofit organizations. This change allows jurisdictions to use lodging tax revenue to provide direct support to events and facilities in which the jurisdiction lacks an ownership interest. This is the authority that is set to terminate on June 30, 2013.

Ms. Jutte referenced information put out by Municipal Research in which they provided three scenarios in making awards for 2013:

1. If none of the awards are for any of the expanded uses that will expire in 2013, you don't have to do anything different than you always do. You are not affected.
2. If an award is for one of the expanded uses, but the expenditures will be completed by June 30, 2013, you are not affected.
3. If an award is for one of the expanded uses and at least some of the expenditures will take place after June 30, 2013, you are in a tough spot. One city said it might make an award "contingent" on the expiration date getting changed during the 2013 legislative session, which is permissible. However, next year, the regular legislative session won't end until the latter part of April. And, sometimes there are special sessions. Any organization getting an award that is contingent on the 2013 legislature extending the date for these uses will need to be flexible and able to live with the uncertainty.

With regard to those organizations seeking funding in 2013, Ms. Jutte shared the following:

Events:

Babe Ruth Tournaments, Jazz in July, Garlic Fest, and Cascade Cook-Off

The city has no ownership interest in these events, and all of them take place after 6/30/2013. The city can reimburse operational expenses incurred prior to June 30, 2013. Such expenses could include facility deposits, entertainment, etc.; however, organizations cannot purposely pay for expenses ahead of time unless they have been expenses that have historically been paid for in advance of the event. She recommended that the city include language in agreements with organizations that they pay for any advance items by mid-June of next year. The city can continue to reimburse marketing and promotion expenses for events after 6/30/2013.

Bridal Show

The city's ownership interest in this event is that it is the primary sponsor of the event. The show takes place in January, so it won't be affected in 2013. In 2014, the city can continue to fund marketing and promotion only, as long as the city remains the primary sponsor.

Facilities:

Veterans Memorial Museum, Chehalis-Centralia Railroad & Museum, Centralia-Chehalis Chamber of Commerce

These organizations lease property from the city for their facilities and/or equipment, so the city has an ownership interest. In addition, the city (along with Lewis County and Centralia) enters into an annual agreement for the Chamber to perform tourism services. The expiration of the expanded uses will not impact these facilities.

Lewis County Historical Museum

In 2007, the museum submitted a letter (copy attached) to the city to be designated as an official alternate visitor information site for the city since the chamber is closed on weekends. The city council approved this designation on May 29, 2007. Ms. Jutte stated this does not constitute the city as having an ownership interest in the museum. However, the city could enter into an agreement with the museum to act as a visitors' center, but it must truly act as one, similar to the services provided in the agreement with the chamber. If the expanded uses expire, the city can only fund marketing and promotion of the museum.

City Events/Facilities:

Tournaments

These tournaments are city-sponsored and held on city property. As stated above, we can pay for expenses incurred prior to June 30, 2013, that are typically paid in advance of the tournaments. After 6/30/2013, tourism funds can only be used to market/promote these events.

Parks Projects

These projects are all on city-owned/leased property. The committee asked if there were any restrictions on tourism funds being used to support the upgrade of city-owned tourism-related facilities. Ms. Jutte stated that such expenses are appropriate if the project is to improve the facilities for tourism purposes, and such improvements should be documented in advance. The city has provided this documentation. In the application to request tourism funds, the project summary states in part, ". . . determine what types of improvements and repairs need to be made to the Recreation Park and Hedwall Park ballfield and soccer field facilities to improve the playability and potential for securing regional baseball and soccer tournaments." In addition, Phase I of the engineering services agreement with RB Engineering is described as providing an improvement master plan for the Recreation Park ballfields that will update them to official fastpitch tournament specifications for size, field quality and appearance. She emphasized that tourism funds should not be used to provide general maintenance of city facilities to support local sporting events. Funding for this type of maintenance should come from the city's general fund. The expiration of expanded uses does not impact this project.

City Manager's Office

The city manager's office uses tourism money to fund an agreement with the chamber to provide tourism services; for the design work and cost of a general promotional ad in the Official Lewis County Visitors Guide; and to pay for half of the annual cost to maintain the city's website. Ms. Jutte stated these were all appropriate uses of tourism revenues and would not be affected by the expiration of expanded uses of tourism funds.

2013 Requests

During the following presentations, Councilor Harris explained to each applicant how the scheduled expiration of the expanded uses of tourism revenues might impact their funding, along with the information received from Ms. Jutte. The comments below are in addition to the information provided in each organization's application.

1. Jim Thomas – South Sound Babe Ruth – \$20,000

This request originally came to the committee in 2010 and was approved by the city council. Mr. Thomas stated he has already received \$15,000 in sponsorships and is expecting another \$15,000. He reviewed estimated revenues and expenses, and it is his hope that he will make enough money to not even need the \$20,000 and even be able to donate money to the city's parks and recreation division. He is working with local attractions and businesses to get the visitors into the community. Mr. Thomas explained that overnight stays will be tracked. Upon check-in at the tournament, each coach must provide certain information for each player, including where they are staying.

2. Dr. Isaac Pope, Erin McQuigg, John Walpole – Pope's Kids Place Jazz in July – \$5,000

Funding was requested for this year's Jazz in July event, but the event was canceled. The applicants requested that this year's funding be deferred to next year. The event is being moved from Centralia to Chehalis at the Riverside Golf Club, which is a larger venue. The request will be used to pay for performers and advertising. They hope to grow the event each year, and would like to feature local talent.

Mr. Chaput asked how long the event was planned for. Mr. Walpole anticipated it would begin in the late afternoon and go into the evening.

Mr. Chaput noted the event would take place during the Babe Ruth regional tournaments, so we need to be sure and market to those visitors, along with any other events going on during that time.

It was noted that the budget page of the application did not add up correctly. *Note: A revised budget page was submitted to the city.*

3. Chip Duncan – Veterans Memorial Museum – \$25,000

Mr. Duncan stated the museum uses its tourism funding for marketing and promotion. He stated the Civil War re-enactment was a big success. In addition to the 500 to 600 actors, 1,400 visitors attended the event. The group that put on the event indicated this was the biggest first-time event they've seen and they are excited to come back next year. They estimated the event would double in the second year.

Mr. Duncan noted that the museum plans to use more radio and print advertising next year. They expanded radio promotion for special events and saw a significant increase in event attendance. They also plan to expand radio ads for the Civil War event to the Seattle and Spokane areas, and south. He added they have a three-year contract for use of property for the battle.

4. Rick Petty – Premier Broadcasters/City of Chehalis for the Chehalis Bridal Show - \$10,000

Mr. Petty stated the bridal show was down by about 10% due to the snowy weather we experienced, but 73 brides-to-be attended the event. Mr. Petty reviewed how the show is marketed, noting that this year they had a facebook presence with a video about the show. He reminded the committee that the bridal show itself probably does not put heads in beds, but the resultant weddings do. The dates for next year's show are January 19 and 20.

5. Johanna Jones – Lewis County Historical Museum - \$40,000

Ms. Jones stated funds were being requested to keep the museum open and would be used for operations, and marketing and promotion. She noted some of the new activities being planned for 2013. A part-time employee is needed to allow Ms. Jones the time to plan and market larger events. The museum's gift shop was given a facelift and features local items. One of the major things planned for 2013 is to revamp their website. Ms. Jones stated they saw an increase in visitors to the museum's exhibit at this year's fair.

Ms. Jones recognized that the museum is not a stand alone attraction, but it does support and promote the community. They are trying to build the museum and get it back on its feet, but they are struggling in this economy.

Ms. Jones understood how the expiration of the expanded uses would impact the museum's ability to receive funding from the city, and that they would have to look at other sources of funding. She stated they are currently using volunteers where they can, and are being very respectful of the money people are donating.

Mr. Duncan asked if they had thought about renting meeting space to raise money. Ms. Jones stated they do have a meeting space that they rent, and they have rented the museum itself for things like holiday parties and reunions.

It was noted that the proposed doll show was happening at the same time as the library's quilt show. It was suggested that Ms. Jones contact the library about combining the activities to create a weekend event.

6. Alicia Bull – Centralia-Chehalis Chamber of Commerce - \$5,000

The funds being requested would be used to promote the annual Home & Garden Show. Ms. Bull stated she would like to see the chamber do more for Chehalis, but with Jim Valley's health issues, it was decided to make the same request as last year. She stated that tracking overnight stays lacked, but they would improve upon that next year. She added that being open during the weekend is something the chamber should look at, noting she wants the chamber to be the hub for tourism.

7. Frank DeVaul – Advocate Foundation for Chehalis Garlic Fest & Craft Show - \$20,000

Mr. DeVaul stated they use vendor and visitor bags to distribute information about the community. Garlic Fest has become recognized as a national festival. All tourism funding is used for marketing and promotion with 75% targeted outside the area. Mr. DeVaul reported that 60% of guests were from outside Lewis County, while 4% came from outside of Washington, all bringing money into the local economy. In response to a question from the committee, Mr. DeVaul estimated that the total spent on marketing of Garlic Fest was probably \$40,000 to \$50,000, and he reiterated that the \$20,000 request in tourism funds would be used to market outside the area.

8. Frank DeVaul – Advocate Foundation for Cascade Country Cook-Off - \$15,000

Mr. DeVaul stated the Pacific Northwest Barbeque Association ranked the Cook-Off as one of their top three events. Everyone really likes the park setting, and the city's RV park filled up quickly. This year's attendance was up 50%. New this year was sampling of the barbeque, and tickets to sample sold out. As with Garlic Fest, all tourism funds are used to promote the event outside of the community. Net proceeds of the event were donated to the Lewis County Food Bank. Mr. DeVaul reported that 55% of guests were from outside of Lewis County, 5% were from outside of Washington, and 16% indicated spending at least one overnight stay in the area.

Councilor Harris asked what the breakdown was of "true visitors" compared to those associated with the event. Mr. DeVaul estimated three-quarters of the attendees were "true visitors" and is a number that has been growing. He pointed out that they make an effort to direct visitors to the downtown.

9. Wanda Thompson – Chehalis-Centralia Railroad and Museum - \$35,000

Ms. Thompson thanked the LTAC for their past support. She reported that ridership was around 9,000 to-date, but they still have some upcoming seasonal events that should put them right around 12,500 for the year. She stated the steam train uses all tourism money for marketing and promotion. Dinner trains are selling out well in advance with 50% to 75% of riders coming from outside the Longview to Olympia areas. Polar Express trains are also showing a high number of out-of-area guests. According to surveys, approximately 5% of guests indicate they are spending the night locally. In 2011, they used GroupOn, which increased ridership, but probably didn't put heads in beds. They chose not to use GroupOn this year.

Ms. Thompson stated their advertising campaign runs from Seattle to Portland, rack cards are distributed through Certified Rack, and ads are placed in various train magazines. The steam train was recently featured on PBS, which generated visitors. She reiterated that their special trains are seeing a majority of guests coming from outside the area. They have expanded their seasonal events, along with the regular schedule. They also use Constant Contact for an e-newsletter that goes out to about 1,500 emails. She added that maintenance is done in-house, mostly by volunteers. Advertising is done through The Silver Agency.

Ms. Ketchum suggested that they think about raising ticket prices if special event trains are selling out well in advance. Ms. Thompson indicated they raised prices from \$41.95 to \$42 this year for their dinner trains.

10. Bob Nacht and Lilly Wall – Chehalis Community Development Department for Tournaments - \$44,310

Mr. Nacht stated the request is to support high quality youth fastpitch and basketball tournaments. It is estimated that this year's tournaments brought in over 7,000 players and spectators.

This year, the parks division established overnight tracking procedures, but they did not receive a good response from coaches. They plan to work with the hotels to better identify overnight stays.

Mr. Chaput suggested that you can expect 3.5 people per player, including the player. He was happy that tournaments are scheduled for multiple days to generate overnights stays.

Ms. Ketchum asked how tracking of overnight stays would be improved. Ms. Wall stated they were working on that and would be contacting other parks departments to see if and how they do it.

Mr. Chaput asked that overnight stay statistics not list individual hotels since that is proprietary information, at least for his hotel. He suggested that the information be more generic, such as by zip code.

11. Bob Nacht and Lilly Wall – Chehalis Community Development Department for Parks Projects - \$25,000

Mr. Nacht stated the request was for the second phase of the Recreation Park Master Plan. He noted that the committee recommended and the city council this year approved tourism funding for phase one, which has been completed. The purpose of the project is to improve the quality of the facilities to hold additional tournaments. It will allow them to solicit to a much larger audience. In addition, this second phase will move it to a shovel-ready project that will allow for more grant opportunities.

12. Merlin MacReynold –Chehalis City Manager's Office - \$15,000

City Manager MacReynold stated the city's request would allow the city to contract for tourism services with the Chamber – a joint effort with Centralia and Lewis County; place an ad in the Lewis County Official Visitors Guide; and provide half of the cost for annual hosting, maintenance and support for the city's website. In addition, City Manager MacReynold asked that the committee consider granting an additional \$5,000 to the chamber.

Ms. Bull reiterated the additional money would help fund the chamber being open during the weekend if that was something the city was interested in. She added that with the decline of the Chehalis Business Association, she would like the chamber to take a more active role relating to Chehalis, and she will look at what it would cost to have the chamber open on Saturdays.

Review of 2012 Revenue Projections, Requests, and Determine Allocation Recommendations to City Council

The projected beginning fund balance for 2013 is \$67,285, with estimated revenues of \$165,000, along with a small amount of interest at \$150. As was recommended last year, \$50,000 would be reserved to ensure an ending fund balance in case revenues come in less than projected, or in the event that the LTAC receives a special request for funding throughout the year. In addition, \$20,000 is reserved for South Sound Babe Ruth for tournaments in 2013. With those assumptions, \$172,435 is the estimated available funding for 2012.

With requests totaling \$239,310 and available funding of \$172,435, the LTAC discussed the importance of funding those organizations that put the most heads-in-beds. They also agreed to reduce the recommended \$50,000 reserve to \$40,000 to increase the available funding. The LTAC agreed to make the following recommendations to the city council:

<u>Organization</u>	<u>Request</u>	<u>Recommendation</u>
1. Veterans Memorial Museum	\$ 25,000	\$ 18,125
2. Chehalis-Centralia Railroad & Museum	\$ 35,000	\$ 20,000
3. Lewis County Historical Museum	\$ 40,000	\$ 15,000
4. Advocate Foundation (Cascade Country Cook-Off)	\$ 15,000	\$ 5,000
5. City Manager's Office	\$ 15,000	\$ 20,000
6. Premier Broadcasters/City (Chehalis Bridal Show)	\$ 10,000	\$ 10,000
7. Advocate Foundation (Chehalis Garlic Fest)	\$ 20,000	\$ 5,000
8. Comm. Development Dept. (Tournaments)	\$ 44,310	\$ 44,310
9. Pope's Kids Place (Jazz in July)	\$ 5,000	\$ 5,000
10. Chamber of Commerce (Home & Garden Show)	\$ 5,000	\$ 5,000
11. Comm. Development Dept. (Parks Projects)	<u>\$ 25,000</u>	<u>\$ 25,000</u>
Total	\$239,310	\$172,435

The committee also suggested that the following be included in agreements with organizations:

- A statement regarding the scheduled expiration of expanded uses
- A statement that any operational expenses must be made by mid-June
- A statement that organizations must repay the city for any reimbursements made to an organization if an event is canceled.

The recommendations will be reviewed by the city council on October 22, 2012 at 6:00 p.m. **Note: Following the meeting the presentation date was changed to Tuesday, November 13.**

The meeting concluded at 3:05 p.m.

Minutes respectfully submitted by Caryn Foley, City Manager's Administrative Assistant.



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Chehalis City Council,

Per recent discussions, the Lewis County Historical Museum is hereby submitting a request to be designated as an official alternate visitor information site for the City of Chehalis. We have operated unofficially in this capacity for many years, and we would like to formalize the arrangement.

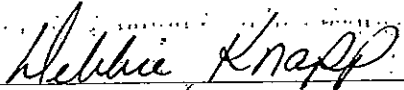
The museum currently serves as an alternate visitor information site on weekends, since the Chamber of Commerce is closed on Saturdays and Sundays. As an alternate visitor site, we are staffed from 10AM to 5AM Tuesday through Saturday and 1PM to 5PM on Sundays. We offer standard rack cards and have recently updated our card display with a donation of slate board and purchased lucite holders. We are continuing to update the card displays and welcome any suggestions.

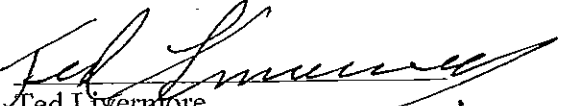
Our staff also offers verbal advice to visitors. We refer tourist to other area attractions such as the Veterans Memorial Museum, The Vintage Motorcycle Museum, the Chehalis-Centralia Steam Train, historical points of interest, lodging, restaurants, antique stores, etc.

Many tourists visit the museum as their first stop; they acquire desired information about our facility, the City of Chehalis and Lewis County tourism without visiting the Chamber of Commerce.

Should you designate the museum as an official alternate visitor information site, we suggest that appropriate signage be installed at the Chamber of Commerce, directing visitors to our museum should they go there first and the Chamber is closed. Without this signage, visitors are at a loss for a source of tourist information.

We also understand that should the museum receive an official designation, we would then be eligible to receive tourism funding for operations, publicity/advertising, and tourism promotion to be included in our quarterly reports.


 Debbie Knapp
 Director – Lewis County Historical Museum


 Ted Livermore
 President – Lewis County Historical Society

**CITY OF CHEHALIS
AGENDA REPORT**

TO: The Honorable Mayor and City Council
FROM: Eva Lindgren, Finance Manager
DATE: November 8, 2012
SUBJECT: **Ordinances 904-B and 905-B - Adoption of Tax Levies**

ISSUE

Two ordinances have been prepared in connection with levying property taxes for collection in 2013. These are required in order for property taxes to be collected on behalf of the City.

DISCUSSION

Ordinance No. 904-B establishes the city's levies of ad valorem taxes (i.e., property taxes) for general operations; the Firefighters' Pension Fund; and Emergency Medical Services (EMS).

Ordinance No. 905-B is required under the provisions of Referendum 47. It identifies the changes, in both dollar amounts and percentage terms, in the City's general operations property tax levy; the firefighters' pension levy; and EMS levy for next year compared to this year.

The general property tax levy will increase slightly based upon the estimated value of new construction, improvements to property, any increase in the value of state assessed property, and any refunds made this year. However, general property taxes are not increasing by the one percent allowed by statute, and the City does not propose to use any of its banked capacity.

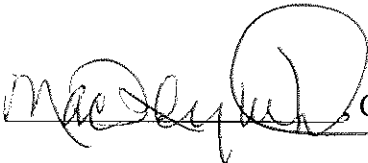
The tax rates for 2013 will be approximately \$2.371 for the general levy; and \$0.405 for the EMS levy per \$1,000 of assessed value. The rates for 2012 were \$2.217; and \$0.379 per \$1,000 of assessed value for the general levy, and the EMS levy, respectively.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends that the council pass Ordinances 904-B and 905-B on first reading.

SUGGESTED MOTIONS

I move that the council pass Ordinance No. 904-B on first reading.
I move that the council pass Ordinance No. 905-B on first reading.

Reviewed by  City Manager

ORDINANCE NO. 904-B

AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON, DETERMINING AND FIXING THE AMOUNT OF REVENUE TO BE RAISED BY AD VALOREM TAXES DURING THE CALENDAR YEAR 2013 AND PROVIDING FOR THE EFFECTIVE DATE HEREOF.

THE CITY COUNCIL OF THE CITY OF CHEHALIS, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. The amount of revenue to be raised by ad valorem taxes during 2013 for general city operations shall be, and the same hereby is, determined and fixed in the sum of One Million Three Hundred Fifty-Two Thousand Dollars (\$1,352,000).

Section 2. . The amount of revenue to be raised by ad valorem taxes during 2013 for emergency medical services shall be, and the same hereby is, determined and fixed in the sum of Two Hundred Thirty-One Thousand Dollars (\$231,000).

Section 4. The effective date of the ordinance shall be the 5th day of December 2012.

PASSED by the city council of the City of Chehalis, Washington during a regularly scheduled open public meeting thereof this 13th day of November, 2012, on first reading

Mayor

Attest:

City Clerk

Approved as to form and content:

City Attorney

ORDINANCE NO. 905-B

**AN ORDINANCE OF THE CITY OF CHEHALIS,
WASHINGTON, STATING THE AMOUNTS AND
PERCENTAGES OF CHANGE IN PROPERTY TAX
LEVY IN CALENDAR YEAR 2013.**

WHEREAS, the City of Chehalis, Washington, properly gave notice of a public hearing held the 13th day of November, 2012, to consider the city budget for 2013, including possible property tax increases and other revenues, pursuant to RCW 84.55.120; and,

WHEREAS, the city's actual levy amounts for general operations; and Emergency Medical Services (EMS) levies were \$1,343,492; and \$229,641, respectively, in 2012; and,

WHEREAS, the population of this city is less than 10,000; and now, therefore,

**THE CITY COUNCIL OF THE CITY OF CHEHALIS, WASHINGTON, DO ORDAIN
AS FOLLOWS:**

Section 1. The 2012 general operations property tax levy for collection in 2013 is One Million Three Hundred Fifty-Two Thousand Dollars (\$1,352,000), which is an increase of Zero Dollars (\$) and Zero Percent (0.0%) over the amount levied in 2011 for collection in 2012. Increases for the amounts allowed under the new construction and improvements to property provisions of RCW 84.55.010 and refunds, are only reflected in the total levy amount.

Section 2. The 2009 voter-approved EMS property tax levy for collection in 2012 is Two Hundred Thirty-One Thousand Dollars (\$231,000), which is an increase of Zero Dollars (\$) and Zero Percent (0.0%) over the amount levied in 2011 for collection in 2012. Increases for the amounts allowed under the new construction and improvements to property provisions of RCW 84.55.010 and refunds are only reflected in the total levy amount.

PASSED by the city council of the city of Chehalis, Washington during a regularly scheduled open public meeting thereof this 13th day of November, 2012, on first reading.

Mayor

Attest:

City Clerk

Approved as to form and content:

City Attorney

**CITY OF CHEHALIS
AGENDA REPORT**

TO: The Honorable Mayor and City Council
FROM: Eva Lindgren, Finance Manager
DATE: November 8, 2012
SUBJECT: Ordinance 906-B – 2013 Budget Adoption, First Reading

ISSUE

Ordinance 906-B has been prepared for the purpose of adopting the 2013 Budget. The two levy ordinances reflected in this budget are being presented to the Council concurrently.

DISCUSSION

During October, the Council Budget Committee attended several meetings during which budget presentations were made, discussed and reviewed. Ordinance 906-B reflects the budget presented to the committee, with certain requested and/or required adjustments and corrections. This proposed budget reflects the latest benefit cost rates available. Additional changes may be made to the ordinance prior to its second reading.

The following are some key items of note for this proposed budget:

- The utility rate increases approved by the City Council are reflected both in the projected 2012 revenues and 2013 budgeted revenues.
- Since the Lodging Tax Advisory Committee funding recommendations for 2013 have not yet been reviewed and approved by the City Council, they are not reflected in this ordinance. Once the City Council has acted upon the recommendations, the Council's decision will be reflected in the ordinance when presented for its second reading.
- Due to dramatic changes to the State of Washington's BARS Manuals, interdepartmental activity has been budgeted different from previous budget cycles.

RECOMMENDATION/COUNCIL ACTION DESIRED

The administration recommends passage of Ordinances 906-B on first reading.

SUGGESTED MOTIONS

I move that the council pass Ordinance No. 906-B on first reading.

Reviewed by  _____, City Manager

ORDINANCE NO. 906-B

**AN ORDINANCE OF THE CITY OF CHEHALIS, WASHINGTON,
ADOPTING THE BUDGET OF THE CITY FOR THE YEAR 2013
AND PROVIDING FOR THE EFFECTIVE DATE HEREOF.**

**THE CITY COUNCIL OF THE CITY OF CHEHALIS, WASHINGTON, DO
ORDAIN AS FOLLOWS:**

Section 1. Attached hereto and identified as Exhibit "A", in summary form, are the total of estimated revenues and appropriations for each separate fund and the aggregate totals for all such funds combined for the budget of the city for 2013, and by this reference said Exhibit "A," showing a total estimated ending fund balance of \$5,712,290 is incorporated herein as if set forth in full and the same is hereby adopted in full.

Section 2. This ordinance is a legislative act delegated by statute to the City Council of the City of Chehalis, is not subject to referendum and shall take effect January 1, 2013.

PASSED by the City Council of the City of Chehalis, Washington during a regularly scheduled open public meeting thereof this 13th day of November, on its first reading.

Mayor

Attest:

City Clerk

Approved as to form and content:

City Attorney

Exhibit "A"
CITY OF CHEHALIS BUDGET
2013 Proposed Budget Summary
All Funds

FUND NAME	Est. Beg. Fund Balance	Revenue	Operating Transfers In	Expenditures	Operating Transfers Out	Est. End. Fund Balance
General Fund	840,917	6,974,141	500,000	7,082,151	524,632	708,275
Arterial Street Fund	23,682	153,000	0	172,120	0	4,562
Tourism Fund	67,285	165,150	0	//////	0	232,435
Compensated Absence Fund	0	0	0	0	0	0
Community Dev. Block Grant Fund	19,904	5,050	0	0	0	24,954
HUD Block Grant Fund	322,036	3,600	0	0	0	325,636
Gambling Enforcement	77,881	0	0	77,881	0	0
Federal and State Grant Fund	0	585,152	500,000	585,152	500,000	0
2011 G.O. Bond Fund	2	0	98,527	98,527	0	2
Public Facilities Reserve Fund	884	0	0	0	0	884
Automotive/Equip. Res. Fund	147	0	0	0	0	147
1st Quarter REET Fund	122,199	28,400	0	0	41,874	108,725
2nd Quarter REET Fund	39,094	28,000	0	0	32,021	35,073
Wastewater Fund	2,190,390	4,214,817	0	4,871,154	0	1,534,053
Water Fund	1,353,419	2,931,887	0	2,575,784	0	1,709,522
Storms & Surface Water Fund	366,447	442,174	0	345,910	0	462,711
Garbage Fund	5,747	7,583	0	12,541	0	789
Firemen's Pension Fund	217,172	149,600	0	142,253	0	224,519
City Agency Fund	349,003	0	0	0	0	349,003
TOTALS	5,996,209	15,688,554	1,098,527	15,963,473	1,098,527	5,721,290